

STATE OF CALIFORNIA

Public Utilities Commission
San Francisco

M e m o r a n d u m

Date: April 5, 2006

To: The Commission
(Meeting of April 13, 2006)

From: Delaney Hunter, Director
Office of Governmental Affairs (OGA) — Sacramento

Subject: **AB 2993 (Leno) - Electricity: net energy metering.
As Introduced February 24, 2006**

LEGISLATIVE SUBCOMMITTEE RECOMMENDATION: Support

SUMMARY OF BILL: The bill will revise net-metering rules to establish a separate net-metering limit of 200 megawatts (MW) for Pacific Gas and Electric (PG&E).

DIVISION ANALYSIS (Energy Division):

Under existing law, net-metering caps are calculated as 0.5% of the utility's highest record of peak demand. SDG&E has a 50 MW cap. Using the 0.5% of peak demand calculation, PG&E's current net metering cap is 95 MW. The proposed legislation will revise PG&E's net-metering cap to 200 MW instead of a percentage of peak demand, in effect doubling PG&E's current cap. The other utility's net-metering cap calculation will remain the same. AB 2993 is beneficial in that it will allow the continuance of net-metering options for eligible renewable distributed generation customers of the State's largest utility helping the State meet its goal of 3,000 MW of solar generation by 2017.

PG&E is close to their net-metering cap of 0.5% of peak demand and is expected to reach it by September of 2006. San Diego Gas and Electric (SDG&E) has a 50 MW cap of which 37% has been met. If all the new solar projects in SDG&E's area that have applied for SGIP incentives in 2006 are approved and participate in SDG&E's net metering program, SDG&E could reach 83% of its revised cap beginning in 2007. Energy Division recommends that similar legislation be introduced to increase SDG&E's net metering cap in the near future. Attachment 1 includes a summary of the utilities' net-metering status.

Increasing PG&E's net-metering cap to 200 MW, as AB 2993 allows, is equivalent to increasing the cap to just under 1% of PG&E's current peak demand. Increasing the cap would ensure that net-metering continue to be a coordinated incentive for State solar program participation in the near future, helping the State pursue the goal of reaching 3,000 MW of solar generation or displacement by 2017 as identified in D.06-01-024.

There will be a negative effect on eligible renewable distributed generation projects if PG&E reaches its net-metering cap; net metering is an important incentive for installing eligible renewable distributed generation units. Currently over 90% of PG&E's SGIP applicants participate in the net metering program. PG&E's net metering program has been in effect since 1996 and is anticipated to reach its cap (the equivalent of 95 MW) in September of 2006. The proposed legislation would double PG&E's current net metering cap and ensure the cap will not be met in the near future.

"PG&E anticipates that it will likely reach the 0.5 percent cap on retail net metering prior to January 1, 2007 for two reasons. First, PG&E has interconnected approximately 70 MW of solar and is installing approximately 2 MW each month. Second, the increased funding for the 2006 self-Generation Incentive Program will likely accelerate installation rates. PG&E estimates that the 0.5 percent cap on retail net metering may be reach by September 2006."¹

Legislation is required to revise PG&E's net metering cap. The Commission cannot revise the cap without corresponding legislative authority to do so.

PROGRAM BACKGROUND:

In 1995, California was one of the first states to formally adopt net metering for solar and wind systems with a capacity size of 10 KW or less. Net metering was expanded in 2001 to include systems up to 1 MW, and again in 2003 to introduce a pilot net billing program for biogas and fuel cell systems through 2005. From 2002 to 2003 net metered customers in California grew by 74%, for a total of 5,242 customers participating in the program. This was the same period the California Self-Generation Incentive Program began accepting applications for state rebates from distributed generation customers, the majority of them being solar systems eligible for net metering participation. The implementation of the California Solar Initiative will fuel similar growth in net metering programs once it begins accepting applications in 2007 (see below).

California created the California Solar Initiative through the adoption of D.06-01-024 by the CPUC on January 12, 2006. The decision committed \$2.8 billion dollars to the development of solar in California and established a program goal to bring on line or displace 3,000 MW of power. In addition, the CPUC adopted D.05-12-044 infusing \$300 million into the existing SGIP. The SGIP provides incentives to distributed

¹ PG&E Advice Letter Filing 2796-E, filed March 1, 2006.

generation technologies, primarily solar systems. For both the SGIP and CSI programs net metering options are critical to encourage customer participation in the State's solar program.

LEGISLATIVE HISTORY:

California's net-metering law took effect in 1995 and was applied to all investor owned utilities to allow net-metering for solar and wind energy systems up to 1 MW.

AB 2228 was adopted in September of 2002 allowing biogas-electric facilities up to 1 MW to net meter until December of 2005 under a pilot program.

AB 58 amended the net-metering law in 2002 and included provisions that:

- limited the total amount of net-metering to 0.5% of utilities peak demand;
- exempted net-metered customers from exit fees or departing load fees;
- prohibited inter-class cost shifting resulting from net-metering;
- allowed municipal utilities to permit time-of-use net-metering based on generation value of the systems;
- advised the State Treasurer to consider net-metering projects sustainable for purposes of evaluating low-income housing projects; and
- permitted wind energy projects up to 50 KW to net-meter, allowing wind energy projects from 50 KW to 1 MW to utilize time-of-use net-metering.

AB 1214 made fuel cells eligible for net-metering until the cumulative generating capacity of net-metered fuel cells reaches 45 MW within the utility's service territory with a peak demand of at least 10,000 MW or until capacity reaches 22.5 MW within a service territory of a utility with a peak demand of less than 10,000 MW. Maximum total capacity of all net-metered fuel cells in all service territories is limited to 112.4 MW.

AB 67, adopted in 2005, removed the January 1, 2006 repeal date of AB 1214 (above) and allowed fuel cells that begin operation before January 1, 2010 to participate in net-metering.

OTHER STATES' OR FEDERAL INFORMATION (if known):

Currently 40 states offer net-metering options for their customers including the District of Columbia. 45% of these states offer programs that have no net metering cap. Attachment 2 to this analysis summarizes the state programs as of October 2005. From 2002 to 2003 the number of U.S. electric customers participating in net metering programs grew by 52% (see Attachment 3). In California the growth rate for this same period was 74% (see Attachment 4). California's Self-Generation Incentive Program began accepting applications for distributed generation in 2002 and may have contributed to the increase in net metering participation for the state during this time. The implementation of the California Solar Initiative will fuel similar growth in net

metering programs once it begins accepting applications in 2007. This legislation would ensure net metering options are still available to PG&E customers in the near future, encouraging customer participation in the State's solar program.

FISCAL IMPACT:

None

STATUS:

AB 2993 was introduced on February 24, 2006 and has yet to be assigned to a policy committee.

SUPPORT/OPPOSITION:

Support

PV Manufacturer's Association

Oppose

None on file

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ATTACHMENT 1

Utility	Net Metering Cap	Current Net Metering Participation	% of Net Metering Cap	Potential New Net Metering Participation (2006)	% of Cap (Existing and New)*
SDG&E	50 MW	19 MW	37%	23 MW	83%
PG&E	95 MW	72 MW	76%	108 MW**	189%
SCE	110 MW	36 MW	33%	44 MW	73%

*Note: This figure represents what the percentage of net metering participation would be if all active renewable net metering eligible SGIP applications participated in the utility's net metering program. There are various reasons why an applicant would not participate in the net metering program, such as the applicant is served by an electric service provider that does not offer net metering, the system does not use an inverter or exceeds 1 MW.

**This figure includes 2006 waitlisted PG&E SGIP applications (35 MW) most of which will not be funded in 2006. Excluding the waitlisted data, PG&E has a total net metering potential, including current net metered projects, of 145 MW (152% of current cap).

ATTACHMENT 2

SUMMARY OF STATE "NET METERING" PROGRAMS (as of October 2005)

State	Utilities	Eligible Fuel Types	Eligible Customers	Limit on System Size	Limit on Overall Enrollment	Treatment of Net Excess Generation (NEG) ⁽¹⁾	Enacted	Citation / Reference
Arizona	IOUs and RECs (Net billing)	Renewables & cogeneration	All customer classes	≤ 100 kW (≤ 10 kW for AZ Public Service customers)	None	Monthly NEG purchased at avoided cost	1981	AZ Corp. Comm. Decision No. 52345
	Tucson Electric Power Co.	PV & wind	Commercial, Residential	≤ 10 kW	500 kW in TEP territory	Monthly NEG carried forward to next billing cycle; net excess at end of year granted to utility	2003	TEP Pricing Plan PRS-101/102
	Salt River Project	PV	Residential	≤ 10 kW	None	Purchased monthly by utility at avg. market price minus a price adjustment of \$0.00017/kWh	2004	Salt River Project Residential Solar Buyback Service Rider
Arkansas	All utilities	Solar thermal, PV, wind, biomass, hydro, geothermal, fuel cells & microturbines using renewable fuels	All customer classes	≤ 25 kW (res); ≤ 100 kW (com)	None	NEG granted to the utility monthly	2001	HB 2325 (enacted April 2001, effective Oct. 2001). AR PSC net metering rules
California	All utilities; munis can permit net or co-metering	PV, landfill gas, wind, solar thermal & anaerobic digestion	All customer classes	≤ 1000 kW	0.5 % of a utility's peak demand (separate limit of 50 MW for SDG&E)	NEG granted to utility annually, also allows bi-directional time-of-use metering, and requires it for wind projects >50 kW	1995	CA Public Utilities Code § 2827 , as amended 98, 00, 01, 02, and 05.
Colorado	All utilities subject to renewable energy standard requirements	All utilities: PV; Fort Collins, Gunnison: PV & wind; Xcel: PV, wind & small hydro	All utilities: Commercial & Residential; Aspen/Holy Cross: All Customer Classes; Fort Collins: Residential	All utilities for PV: ≤ 100 kW; Fort Collins: ≤ 10 kW; Gunnison & Xcel: ≤ 10 kW	All utilities for PV: none; Aspen/Holy Cross: 50kW; Gunnison: first 50 customers for wind; Fort Collins: first 25 customers	All utilities for PV: NEG credited to following month; at end of annual period any unused credits are purchased by utility at the average hourly incremental cost of electricity over the prior 12 month period. Aspen/Holy Cross: Customers receive full retail credit; Fort Collins: Purchased at avoided cost on a monthly basis; Gunnison: Purchased by utility at retail rate; Xcel: Carried forward to next month	All utilities for PV: 2004 Fort Collins: 2003; Gunnison: 2000; Xcel: 1998	Colorado Ballot Initiative 37 – Renewable Energy Standard, amends Article 2 of title 40, Colorado Revised Statutes. CO PSC Advice Letter 1265; Decision C96-90. Fort Collins Elec. ; Gunnison County Electric Assoc. Net Metering Program ; Xcel Energy Tariff Index for CO
Connecticut	IOUs	Solar, wind, biomass, LFG, small hydro, ocean, fuel cells, and MSW	Commercial and Residential (including multi-family residential of 2-4 units)	Fossil tech ≤ 50 kW; Renewables ≤ 100 kW	None	Purchased by utility at spot market energy rate	1998; 2003	C.G.S. 16-243h (Public Act 98-28) ; Public Act 03-135 (Section 3)

Source: Updated from *Powerful Solutions: Seven Ways to Switch America to Renewable Electricity*, Union of Concerned Scientists, January 1999, available on-line at www.ucsusa.org/clean_energy (tables updated October 2005). Contact: Jeff Deyette at (617) 547-5552 or jdeyette@ucsusa.org.

State	Utilities	Eligible Fuel Types	Eligible Customers	Limit on System Size	Limit on Overall Enrollment	Treatment of Net Excess Generation (NEG) ⁽¹⁾	Enacted	Citation / Reference
Delaware	All utilities	Solar, wind, hydro, and "other renewables"	Commercial, Residential	≤ 25 kW	None	Varies by Utility	1999	26 Del. C. § 1014(d) (1999 HB10); DE Dept. of Adm Services Website
District of Columbia	All utilities	Fuel cells, CHP, Microturbines, renewable resources (not defined)	All customer classes	≤ 100 kW	None	Credited to customer's next bill	2000	D.C. Code § 34-1518 (Final rules have not yet been issued)
Florida	New Smyrna Beach Utilities Commission	PV	All customer classes	≤ 10 kW	None	Credited to following month	2000	UCNSB Electric Load Management Provisions
	JEA (Jacksonville)	PV and wind	Residential	≤ 10 kW	None	Credited to following month	2003	JEA Net Metering Policy
Georgia	All utilities	PV, wind, and fuel cells	All customer classes	≤ 10 kW (residential); ≤ 100 kW (commercial)	0.2% of previous year's annual peak demand for each utility	NEG credited to following month; at end of annual period any unused credits are granted to utility without compensation	2001	O.C.G.A. 46-3-50 through 46-3-56 (SB 93)
Hawaii	All utilities	PV, wind, biomass & hydro	Commercial, residential	≤ 50 kW	0.5% of each utility's peak demand	NEG credited to following month; at end of annual period any unused credits are granted to utility without compensation	2001; Amended 2004, 2005	HI state net metering website. HRS § 269-101 through § 269-111 (Act 272 of 2001 or HB 173), HB2048 HD1 SD1 (Act 99, Session Laws of Hawaii 2004)
Idaho	IOUs (Avista Utilities; Idaho Power; Utah Power & Light Company)	Avista, Idaho Power: Solar thermal, PV, wind, biomass, hydro & fuel cells; UPLC: Solar thermal, PV, wind, biomass & hydro	Avista, Idaho Power: Commercial, residential, and agricultural; UPLC: commercial & residential	Avista: ≤ 25 kW; Idaho Power/UPLC: ≤ 25 kW (res/small com), ≤ 100 kW (large com/ag)	Avista: 0.1% of Avista's 1996 peak demand or 1.52MW; Idaho Power: 2.9 MW, or 0.1% of peak demand in 2000; UPLC: 0.1% of 2002 peak demand (714 kW)	Avista: Credited to the following month, then granted to the utility at end of annual period with no compensation; Idaho Power/UPLC: Purchased monthly at retail rate (res/small com); Idaho Power: Paid at 85% of Mid-Columbia rates (large com/ag); UPLC: Paid at 85% of Dow Jones index price for non-firm energy (large com/ag)	1980, 1997; Avista: 1999; ID Power: 2002; UPLC: 2003	ID PUC Orders No. 16025 (1980); 26750 (1997); Avista Utilities Schedule 62; ID Power Schedule; UPLC Electric Service Schedule No. 135
Illinois	Com Ed only	PV and wind	All ComEd retail customers only	< 40 kW	0.1% of annual peak demand	Purchased at avoided cost, plus an annual incentive payment	2000	ComEd Special Billing Experiment (effective 4/1/00)
Indiana	IOUs only	PV, wind, small hydro	Residential and K-12 schools; other customers at utility discretion	≤ 10 kW	0.1% of summer peak demand	Credited to following month	2004	170 IN Admin Code § 4-4.1-7

Source: Updated from *Powerful Solutions: Seven Ways to Switch America to Renewable Electricity*, Union of Concerned Scientists, January 1999, available on-line at www.ucsusa.org/clean_energy (tables updated October 2005). Contact: Jeff Deyette at (617) 547-5552 or ideyette@ucsusa.org.

State	Utilities	Eligible Fuel Types	Eligible Customers	Limit on System Size	Limit on Overall Enrollment	Treatment of Net Excess Generation (NEG) ⁽¹⁾	Enacted	Citation / Reference
Iowa	IOUs only	PV, wind, biomass, hydro & MSW	All customer classes	No limit (special waivers allow MidAmerican Energy and Interstate Power and Light to limit systems to 500 kW)	None	Purchased at avoided cost; MidAmerican Energy and Interstate Power and Light granted special waiver to carry forward NEG for use in future months	1983; 1991	IA Admin Code Section 199 § 15.11(S)
Kentucky	IOUs and coops (Pilot programs also in place for Louisville G&E, KY Utilities)	PV (wind & hydro included in pilot programs only)	All customer classes	≤ 15 kW	0.1% of a supplier's peak load during the previous year	Credited to following month, with no expiration	2002; 2004	KY PSC Case, 2001-00303, 2001-00304, SB 247 (2004) New 2004 law takes affect in 10/04. Pilot programs will remain in place until they expire.
Louisiana	All utilities	PV, Wind, Biomass, Hydroelectric geothermal, fuel cells, micro turbines	All customer classes	≤ 25 kW for res; ≤ 100 kW for comm. & ag.	Not specified (Rules under development)	Not specified (Rules under development)	2003	HB 789 (2003)
Maine	All utilities	Renewables, fuel cells, MSW, cogen, tidal energy	All customer classes	≤ 100 kW	None	NEG credited to following month; at end of annual period any unused credits are granted to utility without compensation	1987; 1998	ME PUC 65-407 § 313 (1998); ME PUC Docket No. 98-621
Maryland	All utilities	PV, wind, biomass, and anaerobic digestion	Residential, Commercial & schools, local, state and federal govt.	≤ 200 kW, up to 500 kW with PSC approval	34.7 MW or 0.2% of 1998 peak demand	TBD by Public Service Commission	1997; 2004; 2005	MD Code, PUC § 7-306 (HB 869, 1997); HB 1269 (2004); HB 1331 (2005)
Massachusetts	All utilities	Renewables, fuel cells, MSW, cogeneration	All customer classes	≤ 60 kW	None	Credited to customer's next bill at average monthly market rate	1982; 1997	DPU/DTE 97-111; M.G.L. ch. 165, Sec. 1(G)(q) (Ch. 164 of the Acts of 1997)
Michigan	Voluntary for all utilities. (11 offer program, accounting for >90% of total state electric sales)	Solar thermal electric, PV, LFG, wind, biomass, hydro, geothermal electric, MSW	All customer classes	≤ 30 kW; utilities can voluntarily increase limit to ≤ 150 kW	0.1% of a utility's peak load or 100 kW (whichever is greater)	NEG credited to following month; at end of annual period any unused credits are granted to utility without compensation	2005	PSC Order, Case No. U-14346
Minnesota	All utilities	PV, wind, biomass, hydro, MSW & cogeneration	All customer classes	< 40 kW	None	Monthly NEG purchased at "average retail utility energy rate"	1983	Minn. Stat. § 261B.164(3); Minn. Rule 7835.3300

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State	Utilities	Eligible Fuel Types	Eligible Customers	Limit on System Size	Limit on Overall Enrollment	Treatment of Net Excess Generation (NEG) ⁽¹⁾	Enacted	Citation / Reference
Montana	IOUs; Most of Montana Electric Coop's 26 members	IOUs: PV, wind & hydro; MECA: PV, wind, geothermal, fuel cells & small hydro	IOUs: All customer classes; MECA: Commercial & Residential	IOUs: ≤ 50 kW; MECA: ≤ 10 kW	IOUs/MECA: None	IOUs/MECA: NEG credited to following month; at end of annual period any unused credits are granted to utility without compensation	IOUs: 1999; MECA: 2001	IOUs: MCA 89-8-601 S.B. 409 ; MECA: Interconnection of Small Customer Generation Facilities - Model Policy
Nevada	IOU's	Solar thermal, PV, wind, biomass, hydro & geothermal	All customer classes	≤ 30 kW; although rules allow systems up to 150 kW, unfavorable requirements can be imposed on systems over 30 kW	1% of utility's peak capacity	For systems up to 30 kW, NEG is carried over to the next billing period with no deadline for expiration	1997; 2001; 2003; 2005	Nev. Rev. S. Ch. 704.766-775 ; AB 429 (June 2003) ; AB 236 (June 2005)
New Hampshire	All utilities	PV, wind & hydro	All customer classes	≤ 25 kW	0.05% of annual peak	NEG carried over to following month	1998	34 NH RSA 362-A:1 & 9 ; NH Code of Admin. Rules ch. PUC 900
New Jersey	All utilities	Solar, wind, fuel cells, geothermal, ocean, and methane from landfills or sustainably produced biomass	Residential & Commercial	≤ 2 MW	None	NEG credited to customer at the full retail rate; at the end of a twelve-month period, the utility must compensate the customer at the avoided cost rate	1999, amended 2004	NJ Permanent Stat. § 48:3-87 Sec. 38(e) ("Electric Discount & Energy Competition Act", Bill A16) ; Subch. 9, NJAC 14:4-9 (2001) ; N.J.A.C. 14:4-9, Net Metering and Interconnection Standards for Class I Renewable Energy Systems
New Mexico	IOUs & Co-ops	Renewables, fuel cells, MSW, cogeneration & micro turbines	All customer classes	≤ 10 kW	None	At utility's option, customer is credited on the next bill for (1) purchase of NEG at utility's avoided cost; or (2) kilowatt-hour credit for NEG that carries over from month to month.	1998, amended 1999	NMAC Title 17, 9.571 ; 1998 NM PUC Order 2847
New York	All utilities	PV (for res. only), Biogas (for farms only), wind (for res. and farms)	Residential & Agricultural	≤ 10 kW (PV) ≤ 25 kW (res. wind) ≤ 125 kW (farm wind) ≤ 400 kW (biogas)	0.1% of 1996 demand per IOU (PV); 0.4% of 1996 demand per IOU (farm systems); .2% of 2003 IOU demand for wind	NEG credited to following month at retail rate for PV and biomass, at avoided-cost rate for wind; at end of annual period any unused credits are purchased at avoided cost	1997, amended 2002 and 2004	NY Public Service Law § 66-j S.B. 6592 ; S.B. 4890-E of 2003
North Dakota	IOUs only	Renewables, MSW & cogeneration	All customer classes	≤ 100 kW	None	Monthly NEG purchased at avoided cost	1991	ND Admin. Code § 69-09-07-09

Source: Updated from *Powerful Solutions: Seven Ways to Switch America to Renewable Electricity*, Union of Concerned Scientists, January 1999, available on-line at www.ucsusa.org/clean_energy (tables updated October 2005). Contact: Jeff Deyette at (617) 547-5552 or jdeyette@ucsusa.org.

State	Utilities	Eligible Fuel Types	Eligible Customers	Limit on System Size	Limit on Overall Enrollment	Treatment of Net Excess Generation (NEG) ⁽¹⁾	Enacted	Citation / Reference
Ohio	IOUs only; Bowling Green Municipal Utilities (BGMU)	IOUs: Solar thermal, PV, landfill gas, wind, biomass, hydro, fuel cells & microturbines; BGMU: PV, wind, hydro & fuel cells	IOUs: All customer classes; BGMU: Commercial & Residential	IOUs: ≤ 100 kW (micro turbines), no limit on other sources; BGMU: ≤ 25 kW	IOUs: 1.0% of peak demand for each retail electric provider; BGMU: Not specified	IOUs: NEG purchased at unbundled generation rate, appears as credit on following bill; BGMU: Not specified	1999	IOUs: OH Rev. Code § 4928.67 ; OAC 4901:1-10-28 ; Consumer Information BGMU: Electric Distribution Division
Oklahoma	All utilities	Renewables, MSW & cogeneration	All customer classes	≤ 100 kW or annual output ≤ 25,000 kWh, whichever is smaller	None	Monthly NEG is granted to utility or credited to next bill, depending on utility	1988	OK Corp. Comm. Rules 165:35-29-1 through 165:35-2 & 165:40-1 through 165:40:11
Oregon	All utilities; City of Ashland	Solar, wind, fuel cell, hydro, LFG, waste, and biomass Ashland: PV & wind	All customer classes; Ashland: Commercial & residential	≤ 25 kW, although the PUC may increase this limit; Ashland: None	No less than 0.5% of utility's historic single-hour peak load; beyond 0.5% eligibility can be limited by regulatory authority; Ashland: None	NEG purchased at avoided cost or credited to following month; at end of annual period unused credits shall be granted to low-income assistance programs, credited to customer, or "dedicated to other use" as determined by regulatory authority; Ashland: ≤ 1,000 kWh/month at full retail price	1999 and 2005; Ashland: 1996	OR: OR Rev. Stat. 757.300 (HB3219 of 1999); SB 84
Pennsylvania	All utilities	Solar thermal, PV, wind, biomass, hydro & renewable fuel vehicles	All customer classes	Varies by utility (but all ≤ 50 kW)	Varies by utility	Granted to utility in most cases	1998	52 PA Code § 57.34(b)(4)
Rhode Island	Narragansett Electric	Renewables, fuel cells, MSW & cogeneration	All customer classes	≤ 25 kW	1 MW in Narragansett territory	NEG credited to following month; at end of annual period any unused credits are granted to utility without compensation	1998	RI PUC Order Docket No. 2710 (1998)
Texas	PTB REPs, TDUs & integrated IOUs that have not unbundled in accordance with PURA § 39.051 (Regulated utilities); Austin Energy (AE); San Antonio City Public Service (SA)	Regulated utilities: Renewables, LFG, hydro, fuel cells, microturbines; AE: Solar, LFG, wind, biomass, hydro, geothermal, MSW SA: PV, landfill gas, wind, biomass, hydro, geothermal, tidal or wave energy	Regulated utilities: All customer classes; AE/SA: Commercial & residential	Regulated utilities: ≤ 50 kW; AE: 20 kW; SA: ≤ 25 kW	Regulated utilities/SA: None; AE: None	Regulated utilities: Monthly NEG purchased at avoided cost; AE: Monthly NEG credited to the next bill at the current fuel charge rate, or if the customer participates in the GreenChoice it will be credited at the Green Power Charge; SA: 1.65 cents per kWh (Oct-May) & 2.02 cents per kWh (Jun-Sep)	Regulated utilities: 1986; AE: 2004 SA: 2002	Regulated utilities: PUC Substantive Rule § 25.242(h)(4) ; AE: Ordinance No. 030808-04 - Distributed Generation from Renewable Sources Rider ; SA: City of San Antonio Public Service Distributed Generation

Source: Updated from *Powerful Solutions: Seven Ways to Switch America to Renewable Electricity*, Union of Concerned Scientists, January 1999, available on-line at www.ucsusa.org/clean_energy (tables updated October 2005). Contact: Jeff Deyette at (617) 547-5652 or jdette@ucsusa.org.

State	Utilities	Eligible Fuel Types	Eligible Customers	Limit on System Size	Limit on Overall Enrollment	Treatment of Net Excess Generation (NEG) ⁽¹⁾	Enacted	Citation / Reference
Utah	All IOUs and RECs	Solar thermal, PV, wind, hydro & fuel cells	All customer classes	≤ 25 kW	0.1% of 2001 peak demand	NEG credited to following month; at end of annual period any unused credits are granted to utility without compensation	2002	UT Code 54-15-101 to 54-15-106; HB 7 of 2002 Utah Energy Office: Net Metering
Vermont	All utilities	PV, wind, fuel cells using renewable fuel, anaerobic digestion	Residential, commercial, and agricultural	≤ 150 kW for farms ⁽²⁾ ; ≤ 15 kW for others	1% of 1996 peak demand or peak demand during most recent calendar yr., whichever is less	NEG credited to following month; at end of annual period any unused credits are granted to utility without compensation	1998, amended 1999, 2002	VT Stat. Ann. § 219a
Virginia	All utilities	Solar thermal, PV, wind & hydro	Residential and commercial	≤ 10 kW (residential); ≤ 500 kW (commercial)	0.1% of annual peak demand	NEG is credited to following month; at end of annual period, excess generation is carried over to the next annual period (power purchase agreement is allowed).	1999; 2000; 2004	VA Code Ann. § 56-594g; 20 VAC 5-315-10 through 5-315-90 SB 651 (2004)
Washington	All utilities; Grays Harbor PUD	Solar, wind, hydro and fuel cells	All customer classes	≤ 25 kW	All utilities: 0.1% of 1996 peak, with no less than half for renewables; Gray Harbor PUD: 1% of 1996 peak load	NEG credited to following month; at end of annual period any unused credits are granted to utility without compensation; PUD: purchased by the utility at year-end for 50% of the retail rate	1998, amended 2000	WA: WA Rev. Code § 80.60, HB 2773 ; PUD: Net Metering
Wisconsin	IOUs only	Renewables, MSW & cogeneration	All customer classes	≤ 20 kW	None	Monthly NEG purchased at retail rate for renewables, avoided cost for non-renewables	1992	Rate Schedules; PSC of WI Order 6690-JR-107
Wyoming	All utilities	PV, wind, biomass & hydro	All customer classes	≤ 25 kW	None	NEG credited to following month; at end of annual period any unused credits are purchased by utility at avoided cost	2001; 2003	WY Stat. § 37-16-101 through § 37-16-104; House Bill 195 (2001); Senate File 106 (2003)

⁽¹⁾In all cases, energy generation is netted against energy consumption on an equal basis, down to zero net energy use during the designated period. Treatment of 'net excess generation' is relevant only when total generation exceeds total consumption over the entire billing period, i.e. the customer has more than offset his/her total electricity use and has a negative meter reading.

⁽²⁾The Vermont law was amended to allow Vermont Public Services Board to permit net metering for up to 10 non-farm systems per year that produce more than 15 kilowatts (AC) capacity, but less than 150 kilowatts of capacity. The law was also amended to allow "group net metering," such that farm systems may credit on-site generation against all meters designated to the farm system.

Sources: UCS 2005, Tom Starrs, US DOE (www.eren.doe.gov/greenpower/netmetering/nhtable.shtml), and Database of State Incentives for Renewable Energy (www.dsireusa.org).

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ATTACHMENT 3

Table 2. Estimated U.S. Net Metering Customers by Customer Class, 2002-2003

Year	Electric Industry Participants	Participating Customers		
		Customer Class		Total
		Residential	Non-residential	
2002 ^R	96	3,559	913	4,472
2003 ^P	127	5,870	943	6,813

P=Preliminary

R=Revised

Note: Electric industry participants include the following respondent types: federal, state, municipal, investor-owned, and cooperative utilities; municipal marketing authorities; and power marketers (or energy service providers). Non-residential may include some customers for which no customer class is specified. Totals may not equal the sum of the components due to independent rounding.

Source: Energy Information Administration, Form EIA-861, "Annual Electric Power Industry Report."

ATTACHMENT 4

Release Date: December 2004
Next Release Date: November 2005

Table 44. Estimated Net Metering Customers by State and Customer Class, 2002 and 2003

State	Electric Industry Participants 2003 P	Participating Customers				2002 Total
		2003 P				
		Residential	Non-residential	Total		
Alabama						
Alaska	2	1	1	2		
Arizona	2	29	301	330	320	
Arkansas						
California	14	4,869	373	5,242	3,016	
Colorado	9	128	35	163	149	
Connecticut	2	20	8	28	25	
Delaware	1	7	3	10	11	
District of Columbia						
Florida	2	7	3	10	9	
Georgia	1	1		1		
Hawaii	3	28	3	31	14	
Idaho	3	15	3	18	11	
Illinois	1		1	1	12	
Indiana	1	3		3	3	
Iowa	1	2		2	2	
Kansas	2	2	3	5	4	
Kentucky	2		14	14	1	
Louisiana						
Maine						
Maryland	2	5		5	6	
Massachusetts	3	90	1	91	85	
Michigan	1	2	1	3	4	
Minnesota	17	129	11	140	97	
Mississippi						
Missouri	2	1	1	2	2	
Montana	2	3		3	3	
Nebraska					11	
Nevada	2	54	2	56	39	

New Hampshire	3	48	25	73	69
New Jersey					
New Mexico	3	9	1	10	8
New York	1	43	3	46	22
North Carolina					
North Dakota	2	1	1	2	5
Ohio	4	5	6	11	5
Oklahoma	2	1	35	36	36
Oregon	6	23	14	37	22
Pennsylvania	2	42	18	60	35
Rhode Island	2	12	4	16	5
South Carolina					R 0
South Dakota					R 0
Tennessee					
Texas	4	7	6	13	197
Utah	1		1	1	
Vermont	2	46	6	52	43
Virginia	6	12	0	12	5
Washington	10	44	4	48	34
West Virginia	2	1	1	2	
Wisconsin	6	178	54	232	161
Wyoming	2	2		2	1
Total	127	5,870	943	6,813	4,472

P=Preliminary.

R=Revised.

Note: Electric industry participants include the following respondent types: federal, state, municipal, investor-owned, and cooperative utilities; municipal marketing authorities; and power marketers (or energy service providers). Non-residential may include some customers for which no customer class is specified. Blank cells indicate no data was reported for the state or the number of customers in a class was zero. Totals may not equal the sum of the components due to independent rounding.

Source: Energy Information Administration, Form EIA-861, "Annual Electric Power Industry Report"

BILL LANGUAGE:

BILL NUMBER: AB 2993 INTRODUCED
 BILL TEXT

INTRODUCED BY Assembly Member Leno

FEBRUARY 24, 2006

An act to amend Section 2827 of the Public Utilities Code, relating to electricity, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 2993, as introduced, Leno Electricity: net energy metering.

Existing law requires every electric service provider, as defined, except the San Diego Gas and Electric Company, to develop a standard contract or tariff providing for net energy metering, and to make this contract or tariff available to eligible customer generators, upon request, on a first-come-first-served basis until the total rated generating capacity used by eligible customer generators exceeds 0.5% of the electric service provider's aggregate customer peak demand.

This bill would establish for the Pacific Gas and Electric Company a separate limit of 200 megawatts.

The bill would make a finding and declaration of the Legislature regarding the inapplicability of a general statute within the meaning of Section 16 of Article IV of the California Constitution.

The bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 2827 of the Public Utilities Code is amended to read:

2827. (a) The Legislature finds and declares that a program to provide net energy metering for eligible customer-generators is one way to encourage substantial private investment in renewable energy resources, stimulate in-state economic growth, reduce demand for electricity during peak consumption periods, help stabilize California's energy supply infrastructure, enhance the continued diversification of California's energy resource mix, and reduce interconnection and administrative costs for electricity suppliers.

(b) As used in this section, the following definitions apply:

(1) "Electric service provider" means an electrical corporation,

as defined in Section 218, a local publicly owned electric utility, as defined in Section 9604, or an electrical cooperative, as defined in Section 2776, or any other entity that offers electrical service. This section ~~shall~~ does not apply to a local publicly owned electric utility, as defined in Section 9604 of the Public Utilities Code, that serves more than 750,000 customers and that also conveys water to its customers.

(2) "Eligible customer-generator" means a residential, small commercial customer as defined in subdivision (h) of Section 331, commercial, industrial, or agricultural customer of an electric service provider, who uses a solar or a wind turbine electrical generating facility, or a hybrid system of both, with a capacity of not more than one megawatt that is located on the customer's owned, leased, or rented premises, is interconnected and operates in parallel with the electric grid, and is intended primarily to offset part or all of the customer's own electrical requirements.

(3) "Net energy metering" means measuring the difference between the electricity supplied through the electric grid and the electricity generated by an eligible customer-generator and fed back to the electric grid over a 12-month period as described in subdivision (h). Net energy metering shall be accomplished using a single meter capable of registering the flow of electricity in two directions. An additional meter or meters to monitor the flow of electricity in each direction may be installed with the consent of the customer-generator, at the expense of the electric service provider, and the additional metering shall be used only to provide the information necessary to accurately bill or credit the customer-generator pursuant to subdivision (h), or to collect solar or wind electric generating system performance information for research purposes. If the existing electrical meter of an eligible customer-generator is not capable of measuring the flow of electricity in two directions, the customer-generator shall be responsible for all expenses involved in purchasing and installing a meter that is able to measure electricity flow in two directions. If an additional meter or meters are installed, the net energy metering calculation shall yield a result identical to that of a single meter. An eligible customer-generator who already owns an existing solar or wind turbine electrical generating facility, or a hybrid system of both, is eligible to receive net energy metering service in accordance with this section.

(4) "Wind energy co-metering" means any wind energy project greater than 50 kilowatts, but not exceeding one megawatt, where the difference between the electricity supplied through the electric grid and the electricity generated by an eligible customer-generator and fed back to the electric grid over a 12-month period is as described in subdivision (h). Wind energy co-metering shall be accomplished pursuant to Section 2827.8.

(5) "Co-energy metering" means a program that is the same in all other respects as a net energy metering program, except that the local publicly owned electric utility, as defined in Section 9604, has elected to apply a generation-to-generation energy and time-of-use credit formula as provided in subdivision (i).

(6) "Ratemaking authority" means, for an electrical corporation as defined in Section 218, or an electrical cooperative as defined in Section 2776, the commission, and for a local publicly owned electric utility as defined in Section 9604, the local elected body

responsible for regulating the rates of the local publicly owned utility.

(c) (1) (A) Every electric service provider shall develop a standard tariff providing for net energy metering, and shall make this tariff available to eligible customer-generators, upon request, on a first-come-first-served basis until, except as provided in ~~subparagraph (B)~~ subparagraphs (B) and (C), the total rated generating capacity used by eligible customer-generators exceeds one-half of 1 percent of the electric service provider's aggregate customer peak demand.

(B) Notwithstanding subparagraph (A), the San Diego Gas and Electric Company shall make its standard net energy metering tariff available to eligible customer-generators until the total rated generating capacity used by eligible customer-generators within its service territory exceeds 50 megawatts.

(C) Notwithstanding subparagraph (A), the Pacific Gas and Electric Company shall make its standard net energy metering tariff available to eligible customer-generators until the total rated generating capacity used by eligible customer-generators within its service territory exceeds 200 megawatts.

(2) On an annual basis, beginning in 2003, every electric service provider shall make available to the ratemaking authority information on the total rated generating capacity used by eligible customer-generators that are customers of that provider in the provider's service area. For those electric service providers who are operating pursuant to Section 394, they shall make available to the ratemaking authority the information required by this paragraph for each eligible customer-generator that is their customer for each service area of an electric corporation, local publicly owned electric utility, or electrical cooperative, in which the customer has net energy metering. The ratemaking authority shall develop a process for making the information required by this paragraph available to energy service providers, and for using that information to determine when, pursuant to paragraph (3), a service provider is not obligated to provide net energy metering to additional customer-generators in its service area.

(3) ~~Notwithstanding~~ Except as provided in subparagraphs (B) and (C) of paragraph (1), an electric service provider is not obligated to provide net energy metering to additional customer-generators in its service area when the combined total peak demand of all customer-generators served by all the electric service providers in that service area furnishing net energy metering to eligible customer-generators exceeds one-half of 1 percent of the aggregate customer peak demand of those electric service providers.

(d) Electric service providers shall make all necessary forms and contracts for net metering service available for download from the Internet.

(e) (1) Every electric service provider shall ensure that requests for establishment of net energy metering are processed in a time period not exceeding that for similarly situated customers requesting new electric service, but not to exceed 30 working days from the date the electric service provider receives a completed application form for net metering service, including a signed interconnection agreement from an eligible customer-generator and the electric inspection clearance from the governmental authority having

jurisdiction. If an electric service provider is unable to process the request within the allowable timeframe, the electric service provider shall notify both the customer-generator and the ratemaking authority of the reason for its inability to process the request and the expected completion date.

(2) Electric service providers shall ensure that requests for an interconnection agreement from an eligible customer-generator are processed in a time period not to exceed 30 working days from the date the electric service provider receives a completed application form from the eligible customer-generator for an interconnection agreement. If an electric service provider is unable to process the request within the allowable timeframe, the electric service provider shall notify the customer-generator and the ratemaking authority of the reason for its inability to process the request and the expected completion date.

(f) (1) If a customer participates in direct transactions pursuant to paragraph (1) of subdivision (b) of Section 365 with an electric supplier that does not provide distribution service for the direct transactions, the service provider that provides distribution service for an eligible customer-generator is not obligated to provide net energy metering to the customer.

(2) If a customer participates in direct transactions pursuant to paragraph (1) of subdivision (b) of Section 365 with an electric supplier, and the customer is an eligible customer-generator, the service provider that provides distribution service for the direct transactions may recover from the customer's electric service provider the incremental costs of metering and billing service related to net energy metering in an amount set by the ratemaking authority.

(g) Each net energy metering contract or tariff shall be identical, with respect to rate structure, all retail rate components, and any monthly charges, to the contract or tariff to which the same customer would be assigned if the customer did not use an eligible solar or wind electrical generating facility, except that eligible customer-generators shall not be assessed standby charges on the electrical generating capacity or the kilowatthour production of an eligible solar or wind electrical generating facility. The charges for all retail rate components for eligible customer-generators shall be based exclusively on the customer-generator's net kilowatthour consumption over a 12-month period, without regard to the customer-generator's choice of electric service provider. Any new or additional demand charge, standby charge, customer charge, minimum monthly charge, interconnection charge, or any other charge that would increase an eligible customer-generator's costs beyond those of other customers who are not customer-generators in the rate class to which the eligible customer-generator would otherwise be assigned if the customer did not own, lease, rent, or otherwise operate an eligible solar or wind electrical generating facility are contrary to the intent of this section, and shall not form a part of net energy metering contracts or tariffs.

(h) For eligible residential and small commercial customer-generators, the net energy metering calculation shall be made by measuring the difference between the electricity supplied to the eligible customer-generator and the electricity generated by the eligible customer-generator and fed back to the electric grid over a

12-month period. The following rules shall apply to the annualized net metering calculation:

(1) The eligible residential or small commercial customer-generator shall, at the end of each 12-month period following the date of final interconnection of the eligible customer-generator's system with an electric service provider, and at each anniversary date thereafter, be billed for electricity used during that period. The electric service provider shall determine if the eligible residential or small commercial customer-generator was a net consumer or a net producer of electricity during that period.

(2) At the end of each 12-month period, where the electricity supplied during the period by the electric service provider exceeds the electricity generated by the eligible residential or small commercial customer-generator during that same period, the eligible residential or small commercial customer-generator is a net electricity consumer and the electric service provider shall be owed compensation for the eligible customer-generator's net kilowatthour consumption over that same period. The compensation owed for the eligible residential or small commercial customer-generator's consumption shall be calculated as follows:

(A) For all eligible customer-generators taking service under tariffs employing "baseline" and "over baseline" rates, any net monthly consumption of electricity shall be calculated according to the terms of the contract or tariff to which the same customer would be assigned to or be eligible for if the customer was not an eligible customer-generator. If those same customer-generators are net generators over a billing period, the net kilowatthours generated shall be valued at the same price per kilowatthour as the electric service provider would charge for the baseline quantity of electricity during that billing period, and if the number of kilowatthours generated exceeds the baseline quantity, the excess shall be valued at the same price per kilowatthour as the electric service provider would charge for electricity over the baseline quantity during that billing period.

(B) For all eligible customer-generators taking service under tariffs employing "time-of-use" rates, any net monthly consumption of electricity shall be calculated according to the terms of the contract or tariff to which the same customer would be assigned to or be eligible for if the customer was not an eligible customer-generator. When those same customer-generators are net generators during any discrete time-of-use period, the net kilowatthours produced shall be valued at the same price per kilowatthour as the electric service provider would charge for retail kilowatthour sales during that same time-of-use period. If the eligible customer-generator's time-of-use electrical meter is unable to measure the flow of electricity in two directions, paragraph (3) of subdivision (b) shall apply.

(C) For all residential and small commercial customer-generators and for each billing period, the net balance of moneys owed to the electric service provider for net consumption of electricity or credits owed to the customer-generator for net generation of electricity shall be carried forward as a monetary value until the end of each 12-month period. For all commercial, industrial, and agricultural customer-generators the net balance of moneys owed shall be paid in accordance with the electric service provider's normal billing cycle, except that if the commercial, industrial, or

agricultural customer-generator is a net electricity producer over a normal billing cycle, any excess kilowatthours generated during the billing cycle shall be carried over to the following billing period as a monetary value, calculated according to the procedures set forth in this section, and appear as a credit on the customer-generator's account, until the end of the annual period when paragraph (3) shall apply.

(3) At the end of each 12-month period, where the electricity generated by the eligible customer-generator during the 12-month period exceeds the electricity supplied by the electric service provider during that same period, the eligible customer-generator is a net electricity producer and the electric service provider shall retain any excess kilowatthours generated during the prior 12-month period. The eligible customer-generator shall not be owed any compensation for those excess kilowatthours unless the electric service provider enters into a purchase agreement with the eligible customer-generator for those excess kilowatthours.

(4) The electric service provider shall provide every eligible residential or small commercial customer-generator with net electricity consumption information with each regular bill. That information shall include the current monetary balance owed the electric service provider for net electricity consumed since the last 12-month period ended. Notwithstanding this subdivision, an electric service provider shall permit that customer to pay monthly for net energy consumed.

(5) If an eligible residential or small commercial customer-generator terminates the customer relationship with the electric service provider, the electric service provider shall reconcile the eligible customer-generator's consumption and production of electricity during any part of a 12-month period following the last reconciliation, according to the requirements set forth in this subdivision, except that those requirements shall apply only to the months since the most recent 12-month bill.

(6) If an electric service provider providing net metering to a residential or small commercial customer-generator ceases providing that electrical service to that customer during any 12-month period, and the customer-generator enters into a new net metering contract or tariff with a new electric service provider, the 12-month period, with respect to that new electric service provider, shall commence on the date on which the new electric service provider first supplies electric service to the customer-generator.

(i) Notwithstanding any other provisions of this section, the following provisions shall apply to an eligible customer-generator with a capacity of more than 10 kilowatts, but not exceeding one megawatt, that receives electrical service from a local publicly owned electric utility, as defined in Section 9604, that has elected to utilize a co-energy metering program unless the electric service provider chooses to provide service for eligible customer-generators with a capacity of more than 10 kilowatts in accordance with subdivisions (g) and (h):

(1) The eligible customer-generator shall be required to utilize a meter, or multiple meters, capable of separately measuring electricity flow in both directions. All meters shall provide "time-of-use" measurements of electricity flow, and the customer shall take service on a time-of-use rate schedule. If the existing meter of the eligible customer-generator is not a time-of-use meter

or is not capable of measuring total flow of energy in both directions, the eligible customer-generator shall be responsible for all expenses involved in purchasing and installing a meter that is both time-of-use and able to measure total electricity flow in both directions. This subdivision shall not restrict the ability of an eligible customer-generator to utilize any economic incentives provided by a government agency or the electric service provider to reduce its costs for purchasing and installing a time-of-use meter.

(2) The consumption of electricity from the electric service provider shall result in a cost to the eligible customer-generator to be priced in accordance with the standard rate charged to the eligible customer-generator in accordance with the rate structure to which the customer would be assigned if the customer did not use an eligible solar or wind electrical generating facility. The generation of electricity provided to the electric service provider shall result in a credit to the eligible customer-generator and shall be priced in accordance with the generation component, established under the applicable structure to which the customer would be assigned if the customer did not use an eligible solar or wind electrical generating facility.

(3) All costs and credits shall be shown on the eligible customer-generator's bill for each billing period. In any months in which the eligible customer-generator has been a net consumer of electricity calculated on the basis of value determined pursuant to paragraph (2), the customer-generator shall owe to the electric service provider the balance of electricity costs and credits during that billing period. In any billing period in which the eligible customer-generator has been a net producer of electricity calculated on the basis of value determined pursuant to paragraph (2), the electric service provider shall owe to the eligible customer-generator the balance of electricity costs and credits during that billing period. Any net credit to the eligible customer-generator of electricity costs may be carried forward to subsequent billing periods, provided that an electric service provider may choose to carry the credit over as a kilowatt hour credit consistent with the provisions of any applicable tariff, including any differences attributable to the time of generation of the electricity. At the end of each 12-month period, the electric service provider may reduce any net credit due to the eligible customer-generator to zero.

(j) A solar or wind turbine electrical generating system, or a hybrid system of both, used by an eligible customer-generator shall meet all applicable safety and performance standards established by the National Electrical Code, the Institute of Electrical and Electronics Engineers, and accredited testing laboratories such as Underwriters Laboratories and, where applicable, rules of the Public Utilities Commission regarding safety and reliability. A customer-generator whose solar or wind turbine electrical generating system, or a hybrid system of both, meets those standards and rules shall not be required to install additional controls, perform or pay for additional tests, or purchase additional liability insurance.

(k) If the commission determines that there are cost or revenue obligations for an electric corporation, as defined in Section 218, that may not be recovered from customer-generators acting pursuant to this section, those obligations shall remain within the customer class from which any shortfall occurred and may not be shifted to any

other customer class. Net metering and co-metering customers shall not be exempt from the public benefits charge. In its report to the Legislature, the commission shall examine different methods to ensure that the public benefits charge remains a nonbypassable charge.

(l) A net metering customer shall reimburse the Department of Water Resources for all charges that would otherwise be imposed on the customer by the commission to recover bond-related costs pursuant to an agreement between the commission and the Department of Water Resources pursuant to Section 80110 of the Water Code, as well as the costs of the department equal to the share of the department's estimated net unavoidable power purchase contract costs attributable to the customer. The commission shall incorporate the determination into an existing proceeding before the commission, and shall ensure that the charges are nonbypassable. Until the commission has made a determination regarding the nonbypassable charges, net metering shall continue under the same rules, procedures, terms, and conditions as were applicable on December 31, 2002.

(m) In implementing the requirements of subdivisions (k) and (l), a customer-generator shall not be required to replace its existing meter except as set forth in paragraph (3) of subdivision (b), nor shall the electric service provider require additional measurement of usage beyond that which is necessary for customers in the same rate class as the eligible customer-generator.

(n) On or before January 1, 2005, the commission shall submit a report to the Governor and the Legislature that assesses the economic and environmental costs and benefits of net metering to customer-generators, ratepayers, and utilities, including any beneficial and adverse effects on public benefit programs and special purpose surcharges. The report shall be prepared by an independent party under contract with the commission.

(o) It is the intent of the Legislature that the Treasurer incorporate net energy metering and co-energy metering projects undertaken pursuant to this section as sustainable building methods or distributive energy technologies for purposes of evaluating low-income housing projects.

SEC. 2. The Legislature finds and declares that, because of the unique circumstances applicable only to the territory of the Pacific Gas and Electric Company, a statute of general applicability cannot be enacted within the meaning of subdivision (b) of Section 16 of Article IV of the California Constitution. Therefore, this special statute is necessary.

SEC. 3. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

Existing law requires that electric service providers, including electrical corporations, to develop a standard contract or tariff providing for net energy metering, and to make this contract or tariff available to eligible customer generators until the total rated generating capacity used by eligible customer generators exceeds one-half of 1 percent of the electric service provider's aggregate customer peak demand. At some point during the second quarter of 2006, the Pacific Gas and Electric Company will reach the one-half of 1 percent cap and will cease offering the net energy metering tariff or contract to eligible customer-generators. Unless the net energy metering cap is increased, installation of solar and

wind generation equipment by eligible customer-generators in the service territory of the Pacific Gas and Electric Company will end and the public resources protected by those installations will be threatened.